

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 12-12324-MLW
)	
BIOCHEMICS, INC., JOHN J. MASIZ,)	
CRAIG MEDOFF and GREGORY S.)	
KRONING,)	
)	
Defendants.)	

**BIOCHEMICS' OPPOSITION
TO COMMISSION'S MOTION FOR APPOINTMENT OF A RECEIVER**

BioChemics opposes the Commission's Motion For Appointment Of A Receiver (Doc. #423) and the form of the Order. BioChemics' Opposition is based on the fact that: 1) appointment of a receiver at this time will unnecessarily devalue the BioChemics' assets and interfere with BioChemics' efforts to use its assets to satisfy the Judgment and forestall the need to appoint a Receiver; and, 2) the Motion and proposed Order unnecessarily and inappropriately seeks to extend the rights of the Commission beyond its rights as a secured creditor with a security interest in the assets of Inpellis, and the ownership shares of Inpellis pledged to the Commission, an ownership share the Trust held solely as a fiduciary and intends to transfer back to BioChemics to streamline administration of BioChemics' assets. As further grounds of this Opposition, BioChemics states:

1. As part of the Settlement approved by the Court, BioChemics granted the Commission a security interest in its assets and the Trust which had received BioChemics' ownership share of Inpellis solely as a fiduciary for the benefit of BioChemics' interest holders

and subject to the claims of its creditors including the government, pledged the ownership shares to the government to secure the Judgment. Since the Trust has held the interest at issue solely as a fiduciary for the benefit of BioChemics' interest holders and subject to the obligation owed the government, the Trust intends to transfer the ownership shares back to BioChemics in the interest of streamlining BioChemics' administration of that asset. Pursuant to M.G.L. Ch.106, § § 9-601, et seq, an appointed Receiver can exercise all rights of the Commission as secured party after default in the property of Inpellis, Inc.. The security interest granted to the Commission was pursuant to the Patent, Trademark and Copyright Security Agreement between the Commission and Inpellis, and the pledge of the the 50,000,000 shares of commonstock of Inpellis pledged to the Commission by the Shareholder Resolution Trust (the "SRT Collateral") pursuant to the Settlement. An appointed Receiver can only have the rights granted the Commission under the Settlement. Under these circumstances, there will be no prejudice to the Commission or the ability of the government to use BioChemics' assets to satisfy the Judgment if any Order appointing the Receiver respects the rights granted to the Commission.

2. It is undeniable that it is in the interest of all parties to have BioChemics remain in possession of its assets and to continue its efforts, at its expense, to monetize those assets to satisfy its obligations without the time, expense, and loss of value and monetization opportunity a Receivership appointment will entail.

3. The Parties are to state their position regarding ADEC's Opposition filed this date by July 28, 2018. BioChemics intends to file its position on that date as well as present a plan for the benefit of the government, its creditors and interest holders by that date that it believes will be more protective of their interests than the proposed plan to appoint a Receiver.

For these reasons, BioChemics respectfully opposes the Commisison's Motion and Order.

Dated: July 20, 2018

Respectfully submitted by its counsel:

/s/ Jan Schlichtmann

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CERTIFICATE OF ELECTRONIC SERVICE

I hereby certify that, on July 20, 2018 a true and correct copy of the foregoing document was served on counsel for the Commission by electronic service through the CM/ECF.

Dated: July 20, 2018

Respectfully submitted,

BioChemics
By its attorney

/s/ Jan Schlichtmann

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